

Application No. 09/675,412

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## REMARKS

Applicant thanks the Examiner for the Examiner's comments, which have greatly assisted Applicant in responding.

(i) The Examiner objected to Claim 3 for informalities, namely, that the preamble does not contain a linking phrase and is grammatically incorrect. Claim 3 was amended in accordance with the Examiner's suggestion. Applicant respectfully requests withdrawal of the objection.

(ii) The Examiner rejected Claims 1 and 14 under 35 U.S.C. §112, second paragraph, as the bodies of the Claims contain no elements of the transaction processing of the preamble. Applicant respectfully traverses the rejection because what is claimed is a type of processing of the transaction. Nevertheless, Applicant amended Claims 1 and 14 as a computer implemented method for determining a level of risk of a transaction between a consumer and a merchant. Applicant respectfully requests withdrawal of the rejection.

(iii) The Examiner rejected Claims 1, 14, 18, and 19 under 35 U.S.C. §112, second paragraph, because the Claims recite "other high categorical data" and Applicant's specification details provides no definite information as to what the claimed "other high categorical data" includes. Applicant respectfully traverses. Support in the Specification can be found at least as follows:

There is shown page 4, line 26 through page 5, line 3, information as to what the claimed "other high categorical data" includes, as follows (emphasis added):

In one embodiment, the CV methodology collects large quantities of historical data from credit card related data files **with text or high-categorical data (e.g., postings, authorizations, etc.)** and examines statistically clusters of co-occurrences (i.e., words that typically appear together in text, such as merchants that typically service the same customers, etc. and whose names appear in the same credit card statement).

There is shown on page 11, lines 8-11 (emphasis added):

**High-Categorical** data fields 108 are supplied in a form **that can take a very large number of potential values**. A field with free text information can be considered a high-categorical data field. Likewise, **the name of a merchant** involved in the

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**transaction is of high categorical value, in light of the generally unlimited number of different merchant names.**

Applicant respectfully requests that the Examiner withdraw the rejection of the Claims.

(iv) The Examiner rejected Claims 7 and 9 under 35 U.S.C. §112, second paragraph, as it is unclear how a merchant cluster, containing merchants, also contains transactions, and interpreted the Claims to mean transactions at merchants within the merchant cluster as recited in Claims 6 and 8. Applicant has amended Claims 7 and 9 accordingly. Applicant respectfully requests that the Examiner withdraw the rejection of the Claims.

(v) The Examiner rejected Claim 23 under 35 U.S.C. §112, second paragraph, because the term "substantially less" is a relative term. Applicant has deleted the offensive word, substantially, as it is deemed unnecessary. Applicant respectfully requests that the Examiner withdraw the rejection of the Claims.

(vi) The Examiner rejected Claims 2-6, 10-12, and 15-17 under 35 U.S.C. §112, second paragraph as rendered indefinite for depending from Claims which are indefinite for the reasons cited above. Applicant asserts that the rejection is now moot due to the amendment to Claims as described hereinabove. Applicant respectfully requests that the Examiner withdraw the rejection of the Claims.

(vii) The Examiner rejected Claims 1-12, 14-18, and 20-23 under 35 U.S.C. §101 because the claimed invention as a whole does not accomplish a practical application. Further, the Examiner asserted that while the claim language is directed toward the intended use of applying such data as being "to determine the level of risk of the transaction" (Claims 1, 14, 18, and 20), the step of determining is not positively claimed. Furthermore, the Examiner asserted that the invention, as claimed, does not have practical application. Applicant respectfully traverses. Nevertheless, Applicant has amended independent Claims 1, 14, 18, and 20 by changing "to determine" to "and outputting" as it is inherent that a predictive model provides an output. Also, Applicant has added that the level of risk of the transaction is obtained to detect if the transaction is fraudulent. Support can be found in the Specification, at least on page 4, lines 13-15, as follows (emphasis added):

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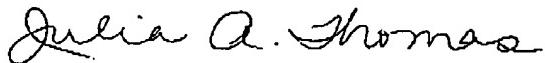
Accordingly, it is desirable to provide a statistical method of risk measurement and detection, such as may be used for financial card fraud prevention that uses textual or other high categorical information to assist in the detection and measurement of transaction or account risk.

Applicant is of the opinion that such amendment overcomes the rejection. Applicant respectfully requests that the Examiner withdraw the rejection of the Claims.

### CONCLUSION

Based on the foregoing, Applicant considers the present invention to be distinguished from the art of record. Accordingly, Applicant earnestly solicits the Examiner's withdrawal of the rejections raised in the above referenced Office Action, such that a Notice of Allowance is forwarded to Applicant, and the present application is therefore allowed to issue as a United States patent. The Examiner is invited to call to discuss the response. The Commissioner is hereby authorized to charge any additional fees due or credit any overpayment to Deposit Account No. 07-1445.

Respectfully Submitted,



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